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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92043152
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

ARTURO SANTANA GALLEGO,

Petitioner,

vs.

SANTANA'S GRILL, INC.,

Registrant.

[Consolidated]

Cancellation Nos. 92043152
 92043160
 92043175

**PETITIONER'S OPPOSITION TO
REGISTRANT'S MOTION FOR
SUMMARY JUDGMENT AND MOTION
TO STRIKE REGISTRANT'S MOTION;
MEMORANDUM OF POINTS AND
AUTHORITIES**

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**PETITIONER'S OPPOSITION TO REGISTRANT'S MOTION FOR SUMMARY
JUDGMENT AND MOTION TO STRIKE REGISTRANT'S MOTION;
MEMORANDUM OF POINTS AND AUTHORITIES**

I. Registrant's Motion Is Untimely and Should Be Denied on That Basis

Pursuant to the Board's Scheduling Order in this case, any Motion for Summary Judgment was required to be filed by February 14, 2005. Petitioner timely filed his Motion for Summary Judgment on February 14, 2005 and served it on Registrant on February 10, 2005. In response to that Motion, Registrant filed a late Motion for Summary Judgment on February 28, 2005 ("Cross-Motion"), two weeks after the deadline for filing such motions had already passed. See T.B.M.P. 2119(c).

Registrant has not offered any reason to explain or justify the failure to comply with the Board's Scheduling Order. Cf. Aromatique v. Lang, 1992 WL 421450 (T.T.A.B. Nov. 18, 1992) (Board exercising discretion to consider late cross-motion given movant's explanation that late filing was inadvertent, coupled with non-objection of nonmovant to late filing). In this case, Registrant has not even proffered a reason or justification for the late filing. Accordingly, Petitioner requests that the Court deny and strike the Cross-Motion as untimely. See Bausch & Lomb Inc. v. Leupold & Stevens Inc., 1986 WL 833320 (T.T.A.B. Nov. 25, 1986).

II. Response to Registrant's Statement of Facts.

A. Registrant's Cross-Motion Contains Facts Sufficient to Grant Petitioner's Motion for Summary Judgment

Despite the untimeliness of Registrant's Cross-Motion, the Cross-Motion serves a useful purpose. In the Cross-Motion, Registrant concedes the basic facts that enable the Board to grant Petitioner's Motion for Summary Judgment, timely filed on February 14, 2005. In the Cross-Motion, Registrant concedes the following:

1. Petitioner Arturo Santana Gallego ("Mr. Santa Gallego"), Abelardo Santana Lee's father, first used the name "Santana's Mexican Food" in 1988 in association with restaurant services, and before Registrant (owned by Abelardo Santana Lee and his wife, Claudia Vallarta-Santana) operated any restaurants. (Cross-Motion at 4:15-20 ("By 1988, [Petitioner] started using the name 'Santana's Mexican Food' at 1480 Rosecrans Street.").)

2. Abelardo and his wife, Claudia, did not enter the restaurant business until 1992, when Abelardo's father, Petitioner Mr. Santana Gallego handed them the "Point Loma Restaurant" located at 1480 Rosecrans, San Diego, which has always served out of town, Mexican, and military personnel. (Cross-Motion at 2:20-21 ("A few years later Registrant¹ acquired this restaurant from Petitioner in a transaction completed in January 1992."))

3. Even after Mr. Santana Gallego transferred the single Point Loma Restaurant, he continued to own, operate and run another restaurant also located in Southern California with the same name, "Santana's Mexican Food." This restaurant is known as the Yucca Valley Restaurant located a mere 150 miles away from the Point Loma Restaurant. (Cross-Motion at 2:22-24 ("Petitioner continued to own another restaurant at a remote location in Yucca Valley, California, that was also named 'Santana's Mexican Food.'").²)

¹ However, "Registrant" did not exist at that time – the evidence establishes that Abelardo and Claudia acquired the restaurant, and that much later in 1998, they formed Registrant.

² It should be emphasized that while Registrant characterizes the Yucca Valley Restaurant as "remote" from Registrant's restaurants, all relevant restaurants are located in Southern California. The Yucca Valley Restaurant is approximately 150 miles from Registrant's restaurants. The El Cajon Restaurant is approximately 5 miles from Registrant's restaurants.

4. Abelardo and Claudia did not form Registrant, the California corporation named “Santana’s Grill, Inc.” until 1998. (Cross Motion at 8:21-23 (“In April of 1998, Registrant incorporated as 'Santana's Grill, Inc.'”).

5. Claudia’s three declarations submitted with the three trademark applications claims a first use by Registrant as of 1988, without reference or regard to the predecessor uses of Abelardo and Claudia or of Mr. Santana Gallego. (Cross-Motion at 21:6-22 (arguing that Registrant had no obligation to advise that Registrant was not even formed until 1998, and yet claimed first dates of use of 1989 and 1993).)

6. Registrant’s entire claim for ownership of the family of marks relies on the chain of title to the fictitious business name statement recorded in San Diego County, California and Registrant concedes the lack of existence of any documentation transferring the marks and goodwill to Registrant, to Abelardo or to Claudia. (Cross-Motion at 14:1-16:10 (“The legal question presented [sic] this Motion is whether Registrant (through its predecessor) obtained the common law rights to the mark when it obtained sole ownership of the business at 1480 Rosecrans Street in January 1992.).)

7. When Claudia averred that “no other person, firm, corporation or association has the right to use the mark,” she knew that her own father-in-law had continuously owned and operated the Yucca Valley Restaurant using the mark “Santana’s Mexican Food” and that the restaurant predated her or Registrant’s ownership of the Point Loma Restaurant.

B. The Conclusions Contained in the Cross-Motion's "Statement of Facts" Which Are Unsupported by the Evidence Must be Disregarded.

Although conceding the material and undisputed facts, Registrant makes a few factual statements in its "Statement of Facts" which are unsupported by the evidence provided to the Board. Accordingly, these "facts" are unsupported conclusions and should be disregarded.

For example, on Page 4 at lines 17-18, Registrant asserts that "Petitioner abandoned his Fictitious Business Name Statement in San Diego County for 'Santana's Mexican Food' so that Registrant could file it with the San Diego County Recorder's Office and thereby take possession of the service mark as its own." Registrant cites to Exhibits 7 and Exhibits 8. Exhibit 7 is a "Statement of Abandonment of Use Fictitious Business Name" recorded in the County of San Diego. Exhibit 8 is a Fictitious Business Name Statement" recorded in the County of San Diego. Neither document supports the factual assertion that Petitioner intended to "abandon" the use of the marks "so that Registrant could . . . take possession of the service mark as its own." Indeed, as is undisputed, Petitioner continued to use the service mark "Santana's Mexican Food" for his existing and continuing restaurant operations such as the Yucca Valley Restaurant. Even after he transferred ownership of physical operations of the Point Loma Restaurant to his son, Abelardo, he continued to use the service mark continuously at the remainder of his restaurant locations, at the Yucca Valley Restaurant. Moreover, Registrant was not even in existence at the time, making it impossible for Petitioner to have intended to abandon the service mark in favor of Registrant's use.

In another example, on Page 4 and lines 20-22, Registrant states that he understood Exhibits 7 and Exhibits 8 "to be a transfer of the mark along with the business and associated goodwill." Registrant cites to Paragraph 6 of the Declaration of Abelardo Santana Lee in which he makes the same statement, "I understood this transaction to be a transfer of the service mark

along with the business and associated goodwill.” (See Abelardo Decl. ¶ 4.) Yet, Abelardo concedes that “Petitioner and I did not specifically discuss ‘trademarks’ or ‘goodwill.’) See id. And, in his deposition, Abelardo agreed both that his father was running the Yucca Valley Restaurant at the time that Abelardo acquired the Point Loma Restaurant and that no discussions were had about the name because “It wasn’t important at the time.”

Q: Was there anything else said about the transfer of the restaurant to you?

A: No, not really. The understanding was that it was my name. When I bought it, it was the only store at the time when he sold it to me. I thought I was purchasing the name from him.

Q: You thought you were?

A: Yes.

Q: Did you have any discussions with him about the rights in the name of the restaurant?

A: No.

...

Q: At the time you acquired the restaurant, you say there was only one restaurant in existence at the time with that name?

A: No, no, no. I said that, but no. Yucca Valley was existing already.

Q: Okay. So at the time you acquired the restaurant, there was already Yucca Valley with the same name, Santana’s Mexican Food, on it?

A: Yes.

...

Q: When you purchased the restaurant, did you believe that you then had the exclusive right to use the name Santana’s Mexican Food in association with restaurant services?

A: It wasn’t important at the time.

Q: It only became important later?

A: Yes.

Q: When did it become important?

A: When it started growing?

Q: So when it started growing, did you go back and have conversations with your father about the use of the name?

A: I don’t recall. Probably, I did, but I don’t recall.

(Abelardo Depo: 57:10-60:8.)

As is evident by his sworn deposition testimony, Abelardo did not have discussions about the use of the name and did not even maintain a belief at the time that he had the exclusive right to use the name “Santana’s Mexican Food” in association with restaurant services. (See id.) Now,

in his declaration submitted in connection with the Cross-Motion, Abelardo avers that he “understood this transaction to be a transfer of the service mark along with the business and associated goodwill.” (Abelardo Decl. ¶ 6.) This statement directly contradicts his earlier sworn deposition testimony, and as a result, must be disregarded. Radobenko v. Automated Equipment Corp., 520 F2d. 540 (9th Cir. 1975) (refusing to permit declaration that contradicted declarant's own prior deposition testimony); see also Sony Entertainment Inc. v. Connectix Corp., 48 F. Supp.2d 1212, 50 U.S.P.Q.2d 1920 (N.D. Cal. 1999) (rejecting declarations in trademark case submitted after deposition as sham declarations in that they directly contradicted deposition testimony).

On Page 9, at lines 2-4, Registrant asserts that it assisted Abelardo’s brother, Arturo Santana Lee (owner of Santana’s Mexican Grill, Inc., a California corporation) in setting up the restaurant located at 411 El Cajon, San Diego (“El Cajon Restaurant”). Registrant asserts that Abelardo and Claudia “worked very hard” to open the restaurant, assisted in training employees, in guaranteeing a lease and in providing their address for Arturo's use since he lived in Mexico.³ Registrant asserts that because Abelardo assisted his brother in setting up the corporate structure of the El Cajon Restaurant, “Registrant was therefore controlling the manner of use of the mark” and “intended to continue this oversight and quality control over the” El Cajon Restaurant. Registrant cites to Paragraphs 15 and 16 of the Declarations of Abelardo and Claudia as support for these factual conclusions. However, neither Paragraph 15 nor 16 show the “continued oversight” over the El Cajon Restaurant that Declarants claim. Indeed, Abelardo testified that he

³ For purposes of this Opposition only, Petitioner does not dispute that Abelardo assisted his brother in setting up Arturo's new restaurant. Petitioner disputes the conclusion drawn from those facts, insofar as one brother assisting another with respect to setting up the corporate structure does not mean that an “implied license” was created for the benefit of Abelardo. Nor does it suggest the type of control necessary to police and enforce a trademark license.

has not even been to the restaurant, nor has he determined whether or not his brother is running the El Cajon location the same as those owned by Registrant:

Q: Okay. You understand that you sued your brother Arturo Santana, and part of the lawsuit is that you claim that he's not running his business uniformly with yours, right?

A: Um-hum, yes.

Q: Okay. On what basis do you say that he's not running his business the same as yours?

A: On the basis that there's no contact between what he's doing and what I'm doing.

Q: On the basis that you're not communicating with him?

A: Yes.

Q: Have you been to the restaurant to see whether or not he's running his restaurant uniformly as yours?

A: No.

Q: So the sole basis for your claiming that Arturo Santana is not running his restaurant the same as yours is because you have a lack of communication with your brother in terms of running the restaurants?

A: Yes.

Q: Okay. Is it also possibly a lack of control that you feel you should get to tell your brother how to run his business?

A: No.

Q: Okay. So if you and Arturo – under your agreement, if you and Arturo Santana disagreed over how to run these restaurants which you say should have been run uniformly, who would be the decider?

A: Nobody.

Q: Then what would you do?

A: Agree.

Q: What if you can't agree?

A: It came to this.

Q: Would you go to your father and ask him for his assistance?

A: No.

Q: So as far as you know, under your agreement, the idea was that you should both agree, but if you disagreed, neither one of you could decide for the other; is that correct?

A: Again, your question?

Q: Under your agreement with Arturo Santana where you said that everyone had to run things uniformly, did either one of you have the right to tell either one of you what to do?

A: I had the right.

Q: Why?

A: Because I've been working at the business for nine years – eight years or nine years, and they weren't in the business for eight of nine years.

Q: So the right doesn't come from the agreement you reached with your brother. You're saying that the right for you to be the decider comes from the fact that you've been in the business longer; is that right?

A: It's probably not because I've been in the business longer or less. It is because I've been inside. They went out for nine or eight years, and all that period I was operating. They were disconnected 100 percent from the business.

Q: Okay. So you base your conclusion that you get to decide if you and he had a disagreement over how to run the business based on your continuous connectedness to the business; is that right?

A: Correct.

(Abelardo Depo: 69:1-71:14.)

As demonstrated above by Abelardo's above testimony, only *assumed* he had the right to control his brother's business. Accordingly, his recently drafted declaration that suggests that Registrant "controlled" or intended "continued oversight" over the El Cajon Restaurant must be rejected as contrary to his prior deposition testimony. Radobenko v. Automated Equipment Corp., 520 F.2d 540 (9th Cir. 1975) (refusing to permit declaration that contradicted declarant's own prior deposition testimony); see also Sony Entertainment Inc. v. Connectix Corp., 48 F. Supp.2d 1212, 50 U.S.P.Q.2d 1920 (N.D. Cal. 1999) (rejecting declarations in trademark case submitted after deposition as sham declarations in that they directly contradicted deposition testimony).

In her deposition, Abelardo's wife, Claudia, was asked as to the purpose of her visits to the El Cajon Restaurant. (See Claudia Depo. 7:25-8:13). She testified that she went there only for a period of one month back in 1997 and that her sole purpose in visiting the El Cajon Restaurant was "To visit, to bring my kids there." (Claudia Depo. 7:24-8:13.) She did not have any other purpose in visiting the El Cajon Restaurant, and is not even familiar with the menu items available at the El Cajon Restaurant. (See id.)

Q: Okay. Did there come a point when you stopped going to the El Cajon location almost every day?

A: I just went there almost every day when we first opened in 1997.

Q: Okay. After that one-month period, did you ever visit the El Cajon restaurant again?

A: Yes.

Q: Approximately how many times?

A: Don't know.

Q: What was the purpose in your visiting that restaurant after that one-month period?

A: To visit, to bring my kids over there.

Q: Any other purposes?

A: No.

Q: Are you familiar with the menu items currently offered at the El Cajon restaurant?

A: No.

(Claudia Depo. 7:24-8:18.)

Claudia's declaration that she, Abelardo or the Registrant "controlled" the operations of the El Cajon Restaurant must be rejected, as such statements conflict directly with the above prior sworn deposition testimony. Radobenko v. Automated Equipment Corp., 520 F.2d. 540 (9th Cir. 1975) (refusing to permit declaration that contradicted declarant's own prior deposition testimony); see also Sony Entertainment Inc. v. Connectix Corp., 48 F. Supp.2d 1212, 50 U.S.P.Q.2d 1920 (N.D. Cal. 1999) (rejecting declarations in trademark case submitted after deposition as sham declarations in that they directly contradicted deposition testimony). As such, there is no evidentiary support for the proposition that Registrant controlled the El Cajon Restaurant. The only evidence supplied to the Board suggests that Abelardo and his wife assisted Abelardo's brother, in initially setting up the corporate operations for the El Cajon Restaurant. There are no facts nor evidence to support the proposition that Abelardo, Claudia or Registrant controlled the El Cajon Restaurant sufficient to suggest the existence of an implied license.

III. Legal Argument

A. The First and Continued Use of the Marks in Commerce Inures to the Benefit of Mr. Santana Gallego

The undisputed facts demonstrate that Mr. Santana Gallego, Abelardo's father, used the mark "SANTANA'S MEXICAN FOOD" in association with restaurant services in commerce as early as 1988 on two separate restaurants located in California. Since Mr. Santana Gallego has never formed a corporation, both of these restaurants were owned and operated by him as an individual. Together, the restaurants comprised his "business." In 1992, Abelardo and Claudia acquired a only portion of Mr. Santana Gallego's business, by acquiring the premises of Point Loma Restaurant. Mr. Santana Gallego continued to own and operate the Yucca Valley Restaurant. Absent a written assignment of the service mark and the associated goodwill with Mr. Santana Gallego's entire restaurant business (consisting of both California restaurants), the service mark remained with Mr. Santana Gallego. The continued use, therefore, of the marks in commerce inures to his benefit alone.

B. The Fictitious Business Name Statements Are of Limited Utility And Do Not Serve to Transfer Ownership of the Mark "SANTANA'S MEXICAN FOOD" To Abelardo, Claudia or Registrant

As "proof" that it acquired exclusive use to the mark "SANTANA'S MEXICAN FOOD," Registrant relies entirely on a "Statement of Abandonment of Use Fictitious Business Name" recorded in the County of San Diego and a Fictitious Business Name Statement" recorded in the County of San Diego. (See Cross-Motion, Exs 7 & 8.) Neither document supports the legal conclusion that Petitioner, this, transferred, assigned or sold the exclusive right to use the name "SANTANA'S MEXICAN FOOD" to Abelardo, Claudia or to Registrant.

A registration to do business under local laws has limited significance for trademark purposes. See, e.g., Conti v. Anthony's Shear Perfection, Inc., 229 U.S.P.Q. 58 n. 2 (Pa. Super.

1986) (mere fictitious business name filing insufficient for trademark purposes). But, in California, the first to file a fictitious business name is entitled to the presumption of the right to use that name in the state. Cal. Bus. & Prof. Code § 14416; see Citibank, N.A. v. City Bank of San Francisco, 206 U.S.P.Q. 997 (N.D. Cal. 1980) (holding that since Plaintiff was the first to adopt and use the name it had superior rights); American Petrofina, Inc. v. Petrofina of California, Inc., 596 F.2d 896 (9th Cir. 1979) (noting that filing of fictitious business name statement establishes rebuttal presumption in “exclusive right to use as a trade name the fictitious business name, as well as any confusingly similar trade name, in the county in which the registrant is the first to file such a statement”).

As the Ninth Circuit Court of Appeals acknowledged in American Petrofina, 596 F.2d 896, “[u]nder both California common law and statutes, whosoever first adopts and uses a trade name, either within or without the state, is its original owner.” Id. (citing Weatherford v. Eytchison, 90 Cal. App. 2d 379, 202 P.2d 1040, 81 USPQ 74 (1949).). Just as in American Petrofina, it is undisputed here that Petitioner adopted and used the mark “SANTANA’S MEXICAN FOOD” long before Registrant’s first use of the name. Petitioner’s use began before and continued after the acquisition by Registrant of a portion of Petitioner’s restaurant business. Golden Door, Inc. v. Odisho, 437 F. Supp. 956, 966-67, 196 U.S.P.Q. 532, 541-543 (N.D. Cal. 1977) (having established ownership, plaintiff held entitled to injunctive relief under Cal. Bus. & Prof. Code §14402, even though use of name “Golden Door” by defendant was in geographically distinct area; California trade name statute does not require that plaintiff prove secondary meaning or actual confusion); see also Schwartz v. Slenderella Systems of California, 43 Cal. 2d 107, 271 P.2d 857, 860, 102 USPQ 177, 179 (1954) (“Since the decision in Academy of Motion Pictures, etc. v. Benson, 15 Cal.2d 685, 104 P.2d 650, 46 USPQ 488 [1940], it is

established . . . that injunctive relief against the unfair use of a trade name may be obtained in situations other than where the parties are in direct competition. [citations omitted]").

C. Registrant Did Not “Acquire The Entire Business” of Mr. Santana Gallego When Abelardo and Claudia Acquired the Point Loma Restaurant

Registrant cites various authority for the proposition that the sale of a business as a going concern presumes the “intent to transfer goodwill and trademarks.” See Cross-Motion at 14, lines 24-27 (citing J.T. McCarthy, McCarthy on Trademarks and Unfair Competition, § 18:37 (4th ed. 2004) (hereinafter “McCarthy”) and various other cases). Registrant is correct that the sale of an entire business creates such a presumption. See McCarthy § 18.2 (explaining various ways in which sale of entire business forms presumption of transfer of mark and goodwill). But, where less than the entire business is sold, the recipient of a mere portion of the business does not automatically obtain the rights to the mark and the goodwill. See McCarthy § 18.22. In the instant case, Abelardo and Claudia acquired only a portion of Mr. Santana Gallego’s California restaurant business – they acquired the Point Loma Restaurant while Mr. Santana Gallego continued to own and operate the Yucca Valley Restaurant. McCarthy’s treatise directly addresses the scenario here implicated:

“But what if a corporation is split into parts A and B and the buyer of part A purchases the corporate name and goodwill. Is that buyer of Part A entitled to use the name and claim that it is the successor of the company on the argument that, while it bought some of the assets (part A), it bought the entire good will of the corporation and the right to use the corporate name? The answer will largely turn on the factual assertion of whether the buyer of part A purchased sufficient assets to support its claims as owner of all goodwill of the company. If it did not, then its claim of being a successor is false.”

McCarthy § 18.22.

Abelardo, Claudia and Registrant do not even attempt to argue or prove that they purchased or obtained the goodwill associated with Mr. Santana Gallego’s entire California

restaurant business. They instead appear to argue that the Point Loma Restaurant was the entire business, failing to address the continued existence of the Yucca Valley Restaurant before and after they acquired the Point Loma Restaurant. Absent either a sale of the entire business or the assignment of the mark and the goodwill of Mr. Santana Gallego's entire business, it is difficult to conceive how Registrant could have acquired, by implication, the rights to the mark and the associated good will.

A trademark cannot be sold or assigned apart from the goodwill it symbolizes. See 15 U.S.C. § 1060; Marshak v. Green, 746 F.2d 927, 929 (2d Cir. 1984); McCarthy §§ 18:2, 18:3 (assignments in gross invalid). The purpose of the rule prohibiting the sale or assignment of a trademark in gross is to prevent a consumer from being misled or confused as to the source and nature of the goods or services that he or she acquires. See Visa, U.S.A., Inc. v. Birmingham Trust Nat'l Bank, 696 F.2d 1371, 1375 (Fed.Cir. 1982). Interestingly, Registrant claims that Mr. Santana Gallego's Yucca Valley Restaurant was "not relevant to the business and good will transferred to Registrant" because the Yucca Valley Restaurant was more than 150 miles away from the Point Loma Restaurant. (Cross-Motion at 15-16 n. 5.) This assertion contradicts the allegation made in the federal trademark infringement complaint filed against Mr. Castaneda and Abelardo's brothers and father, where Registrant alleged that the use of the mark at the distant Yucca Valley Restaurant "causes confusion and deception in the market". (See Complaint in Santana's Grill, Inc. v. Castaneda, et al., United States District Court, Central District of California, Case No. 03 CV 2340 LBB, attached as Exhibit E to Petitioner's Motion for Summary Judgment, ¶ 11.)

Registrant directly alleged that Mr. Castaneda's use of the trademarks at issue "causes confusion and deception in the market." (See After having alleged in its complaint against Mr.

Castaneda that the use of the mark at the Yucca Valley Restaurant "causes confusion and deception in the market," Registrant is now judicially estopped from claiming that the markets are so distinct, separate and geographically remove that the use at the Yucca Valley Restaurant has no impact on the good will associated with the mark. McCarthy § 32.112; Novartis Consumer Health, Inc. v. Johnson & Johnson-Merck Consumer Pharmaceuticals Co., 129 F. Supp. 2d 351, 57 U.S.P.Q.2d 1522, 1528 (D.N.J. 2000), judgment aff'd, 290 F.3d 578, 62 U.S.P.Q.2d 1757 (3d Cir. 2002) ("Previously having unequivocally asserted the opposite argument, J&J is now judicially estopped from alleging . . . "); Secular Organizations for Sobriety, Inc. v. Ullrich, 213 F.3d 1125, 54 U.S.P.Q.2d 1851 (9th Cir. 2000) (Criticizing plaintiff's "naked about face" when it originally alleged in its complaint that certain parties had no connection with plaintiff and were not licensees and later amended the complaint to allege the opposite: that these same parties were licensees and affiliates of plaintiff.); Lasek & Miller Associates v. Rubin, 201 U.S.P.Q. 831, 1978 WL 21291 (T.T.A.B. 1978) (On cross-examination, petitioner himself was asked, "In your opinion there was no likelihood of mistake or deception to the public?" and he answered "Right. That's my own opinion." Testimony held not binding, as only a layman's opinion on the ultimate issue of likelihood of confusion; likelihood of confusion found, and petition to cancel granted.).

D. Failed to Advise the Trademark Examiner of the Prior Use of Mr. Santana Gallego and the Concurrent Use of Mr. Castaneda

The undisputed facts establish that Registrant failed to advise the Trademark Examiner of: (1) the prior use of the mark by Mr. Santana Gallego at the Point Loma Restaurant; (2) the prior use of the mark by Mr. Santana Gallego at the Yucca Valley Restaurant; (3) the concurrent use by Mr. Castaneda at the Yucca Valley Restaurant; and (4) the fact that Registrant was not even incorporated until 1998 but claimed a first use of 1988 for all three marks. Registrant

asserts that it was not required to inform the Trademark Examiner of the “predecessor” uses of Mr. Santana Gallego, Claudia and Abelardo.

Registrant claims that it was not required to disclose that the prior use of the marks by Mr. Santana Gallego, nor that Registrant's claim of use was predicated on use by its predecessors, Abelardo and Claudia as individuals. Registrant relies on 37 C.F.R. 2.38(a) which states:

(a) If the first use of the mark was by a predecessor in title or by a related company (sections 5 and 45 of the Act), and the use inures to the benefit of the applicant, the dates of first use (Sec. Sec. 2.34(a)(1) (ii) and (iii)) may be asserted with a statement that first use was by the predecessor in title or by the related company, as appropriate.

Registrant misreads and misunderstands Section 2.38. Section 2.38 is intended to permit an applicant to rely on a predecessor's use – it does not operate to relieve the applicant from disclosing that the claimed use was by a predecessor. Indeed, the Section is clear that if use by a predecessor is claimed, it shall be accompanied with a statement that first use was by the predecessor in title or by the related company, as appropriate." See id.; see also Smith International, Inc. v. Olin Corp., 209 U.S.P.Q. 1033 (T.T.A.B. 1981) ("Rule 2.38(a) provides that if the first use of a mark was by a predecessor in title or by a related company, and such use inures to the benefit of the applicant, a statement to that effect should be inserted in the application. Similarly, under Rule 2.38(b), if the mark is not in fact being used by applicant but is being used by one or more related companies whose use inures to the benefit of the applicant under Section 5 of the Act, such facts must be indicated in the application."); Electro-Coatings, Inc. v. Precision National Corporation, 204 U.S.P.Q. 410 (T.T.A.B. 1979). ("Hence if any date earlier than 1942 is allowed, the application should indicate what part of the mark was then in use; in addition, the date of first use of the entire mark shown in the drawing must be stated).

The Trademark Manual of Examination Procedures confirms this interpretation. Section 903.06 entitled, "First Use by Predecessor or Related Company" states:

If the first use anywhere or the first use in commerce was by a predecessor in title to the applicant, or by a related company of the applicant (see 15 U.S.C. §§1055 and 1127), the dates of use clause should state that the use on this date was by the applicant's predecessor in title, or by a related company of the applicant, as the case may be. See 37 C.F.R. §2.38(a). It is generally not necessary to give the name of the predecessor in title or the related company. See TMEP §§901.05 and 1201.03 et seq. regarding current use by a party other than the applicant. See: Rule 2.38(a).

Aside from the clear obligation to disclose the nature of the predecessor use on which first use was based, Registrant was also duty-bound to disclose known adverse prior users, such as the uses by:

- (1) Mr. Castaneda for the marks "SANTANA'S MEXICAN FOOD," and "SANTANA'S MEXICAN FOOD . . . ES MUY BUENO;"
- (2) Santana's Grill, Inc. for the mark "SANTANA'S MEXICAN GRILL."

Registrant claims that as long as Claudia maintained an "honest and good faith belief" that Registrant was the owner of the mark, she and Registrant are insulated from the charge of fraud.

However, as demonstrated in Petitioner's Motion for Summary Judgment, Registrant – and specifically, the affiant Claudia – could not have held an honest good faith belief that Registrant owned the marks at issue. Fraud in procuring a trademark registration or renewal occurs when an applicant knowingly makes false, material representations of fact in connection with his or her application. See Le Cordon Bleu, 451 F.Supp. 63, 72 n. 14, 202 U.S.P.Q. 147, 154 n. 14 (S.D.N.Y. 1978); Schwinn Bicycle Co. v. Murray Ohio Manufacturing Co., 339 F.Supp. 973, 983, 172 U.S.P.Q. 14, 21 (M.D.Tenn. 1971), aff'd, 470 F.2d 975, 176 U.S.P.Q. 161 (6th Cir.1972). "[T]he obligation which the Lanham Act imposes on an applicant is that he will not make knowingly inaccurate or knowingly misleading statements in the verified declaration

forming a part of the application for registration." Bart Schwartz International Textiles, Ltd. v. Federal Trade Commission, 289 F.2d 665, 669, 129 USPQ 258, 260 (CCPA 1961) (emphasis in original).

Pursuant to Ohio State University v. Ohio University, 51 U.S.P.Q. 2d 1289 (TTAB 1999), a declaration in an application to register constitutes fraud when: (1) there was in fact, another use, prior to applicant's use, of the same mark at the time the declaration was executed; (2) the prior user had legal rights superior to the rights of the applicant; (3) the applicant knew that the other user had superior rights in the mark, and either believed that a likelihood of confusion would result or had no reasonable basis for believing otherwise; and (4) applicant, in failing to disclose these facts to the United States Patent & Trademark Office, intended to procure a registration to which it was not entitled. Id. at 1293 (citing Intellimedial Sport, Inc. v. Intellemidia Corp., 43 U.S.P.Q.2d 1203, 1206 (TTAB 1997)).

At the time that Claudia declared to the United States Patent & Trademark Office that to the best of her knowledge, no other person or entity was using the marks, she knew that other superior users were in fact in existence. First, the Yucca Valley Restaurant had been continuously using the mark **SANTANA'S MEXICAN FOOD** with and without the phrase **ES MUY BUENO!** continuously since around 1987 or 1988. Claudia was well aware of this use at the time that she signed the declaration on November 27, 2001. Second, given Claudia's testimony that she supposedly helped set up Arturo's El Cajon Restaurant and that it has continuously used the mark **SANTANA'S MEXICAN GRILL** since it opened in 1997, she also knew that this mark was being used by another "person or entity." Third, Claudia also submitted a declaration to the effect that no one was using the marks, and that the use of others by any similar marks would not cause confusion or mistake among the public. However, at the time that

Claudia submitted this declaration, she fully knew that others were lawfully and rightfully using the terms **SANTANA'S MEXICAN FOOD** with and without the phrase **ES MUY BUENO!**

The Yucca Valley Restaurant co-existed with the Point Loma Restaurant and both used the mark **SANTANA'S MEXICAN FOOD** with and without the phrase **ES MUY BUENO!** as early as 1987 or 1988. When Mr. Santana Gallego gave (or sold) the premises at the Point Loma Restaurant to Claudia and Abelardo, he retained ownership⁴ over the marks, as evidenced by his continued use of the marks on the Yucca Valley Restaurant. By Abelardo and Claudia's own admissions, Mr. Santana Gallego *never assigned the exclusive rights* in the marks to Abelardo, Claudia or to their corporation, Registrant Santana Grill, Inc. Years later, Mr. Santana Gallego

⁴ The maintenance of ownership is underscored and highlighted by the absence of any written agreement. Abelardo's deposition testimony establishes he did not even orally obtain the exclusive rights.

Q: Have you ever asked Mr. Santana Gallego, your father, to give you the exclusive rights to use the name Santana's Mexican Food in association with restaurant services.

A: I don't recall.

Q: Have you ever asked Mr. Santana Gallego, to give your corporation the exclusive right to use the name Santana's Mexican Food in association with restaurant services?

A: No, no.

Q: Did he ever give you the exclusive right to use the name in connection with restaurant services?

MR. BERRETTA: Calls for a legal conclusion.

MS. ARMENTA:

Q: Just if you know?

A: No, I don't.

Q: Have you had any discussions with your father, Mr. Santana Gallego, concerning the exclusive use of the name Santana's Mexican Food?

A: We talked once about it.

Q: What was said?

A: I don't remember exactly what we said.

Q: Okay. Is there anything you could think of that would help refresh your memory as to that was said during that one conversation?

A: Not really.

(Abelardo Depo: 76:15-77:15)

sold the physical business of the Yucca Valley Restaurant to a business associate, Arturo Castañeda, but maintained: (1) a reversionary interest in the physical assets of the Yucca Valley Restaurant; (2) control over the quality and menu choices of the food served; (3) control over the geographic growth of the enterprise; and (3) maintains his status as the owner and licensor of the subject marks.

Claudia and Abelardo appear to rest their entire registration rights on the transfer of the use of the fictitious business name of the Point Loma Restaurant from Mr. Santana Gallego to them. However, a registration to do business under local laws has no legal significance for trademark purposes. (See, e.g., Conti v. Anthony's Shear Perfection, Inc., 350 Pa. Super. 606, 504 A.2d 1316, 229 U.S.P.Q. 58 n. 2 (Pa. Super. 1986) (fictitious business name statement "does not suffice for trademark purposes").) As A practical matter, any trademark owner would have to permit its licenses to file fictitious business statements to open bank accounts and issue checks. In any event, in California, the first to file a fictitious business name is entitled to the presumption of the right to use that name. Cal. Bus & Prof. Code § 14416; see Citibank, N.A. v. City Bank of San Francisco, 206 U.S.P.Q. 997, 1980 WL 30239 (N.D. Cal. 1980) (citing Section 14416) (holding that since Plaintiff was the first to adopt and use the name it had superior rights). In the instant case, Mr. Santana Gallego was the first to adopt and to use the marks **SANTANA'S MEXICAN FOOD** with or without the phrase **ES MUY BUENO!** Accordingly, under California and federal law, Mr. Santana Gallego has superior rights with respect to these marks.

When it comes to **SANTANA'S MEXICAN GRILL**, again, Mr. Santana Gallego has superior rights because, as licensee, not Santana's Grill, was the first to file a fictitious business name statement in San Diego and the first to use the mark in connection with his restaurant. An

entity first filing a fictitious business name statement is entitled to a presumption that it has the exclusive right to use the name set forth on the statement. (See Citibank, N.A. v. The City Bank of San Francisco, 206 U.S.P.Q. 997, 1010 (N.D. Cal. 1980).) In this case, Santana Grill, Inc, has no evidence to rebut the presumption. Other than the assertion that Claudia and Abelardo helped his brother "set up" the corporation operations restaurant, and the amorphous and vague suggestion that the two brothers would run their restaurants "the same," there are no facts to suggest that Santana Grill, Inc. owns the *exclusive* right to use the name.

Claudia knew that her father-in-law, Mr. Santana Gallego owned the marks **SANTANA'S MEXICAN FOOD** with or without the phrase **ES MUY BUENO!** at the time that she executed the declarations. She also knew that Yucca Valley was using the marks, before, during and after the transfer of the physical operations of the Point Loma Restaurant to her and her husband. Accordingly, Claudia's statement that Santana's Grill, Inc. owned the mark constituted fraud because she knew it was a false statement and it was calculated to obtain a registration to which she knew Santana's Grill, Inc. was not entitled.

Even if the TTAB were not able to attribute fraudulent intent to Claudia's declaration, the undisputable facts clearly establish use by Petitioner in 1987 or 1988, long before Registrant applied the marks to any products. See A.J. Canfield Co. v. Honickman, 808 F.2d 291, 1 U.S.P.Q. 1364 (3d Cir. 1986) (stating the doctrine that a senior user "has enforceable rights against any junior user who adopted the mark with knowledge of its senior use"). By its own admission, Santana's Grill, Inc. or its predecessors, Claudia and Abelardo, did not use the marks until 1991 or 1992. Accordingly, in that Santana's Grill, Inc. neither owned nor had used the mark that was the subject of a use-based application, the application should be considered void *ab initio* under Section 1 of the Lanham Act. Only the owner of a mark may register it.

As to **SANTANA'S MEXICAN GRILL**, Claudia testified that she frequented Arturo Santana Lee's restaurant when it opened in 1997, and thus, clearly knew that his restaurant had superior marks to hers which opened in 1998.

Further evidence exists that Claudia did not hold an "honest or good faith belief" that Registrant was the owner of the marks. In Mr. Santana Gallego's declaration, he described the discussions that he had with both Abelardo and Claudia "about the founding of my restaurants and I believe they are both knowledgeable as to the true ownership of the mark." Given that Mr. Santana Gallego's declaration is uncontroverted, it is clear that Claudia did not, in fact, hold even a subjective belief that Registrant owned the marks at issue.

IV. CONCLUSION


Registrant Santana's Grill took *extraordinary measures* to obtain a registration to which it was not entitled. Santana's Grill:

- failed to advise the USPTO that it had not been incorporated until 1998, but claimed a date of first use as early as 1988, ten years prior to its date of incorporation;
- failed to advise the USPTO that Mr. Santana Gallego was the first user, and that he continued to control and use the marks to the present day;
- failed to advise the USPTO that several other restaurants, identically-named and owned by other family members operating within the same geographic area co-existed in 2001 when Santana's Grill applied for the marks;
- failed to advise the USPTO that Santana's Grill never obtained the exclusive rights to use the marks, and only asserted that it had previously acquired the rights after "it started growing."
- is clearly not the owner of the marks.

A more compelling case for fraud is hard to imagine. Registrant's untimely Cross-Motion for Summary Judgment should be denied on both procedural and substantive grounds.

DATED: April 4, 2005

VAN ETEN SUZUMOTO & BECKET LLP

By: 
M. Cris Armenta
Attorneys for Petitioner, Arturo Santana Gallego

PROOF OF SERVICE, STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I am employed in the County of Los Angeles, State of California. I am over the age of eighteen years and not a party to the within action; my business address is 1620 26th Street, Santa Monica, CA 90404.

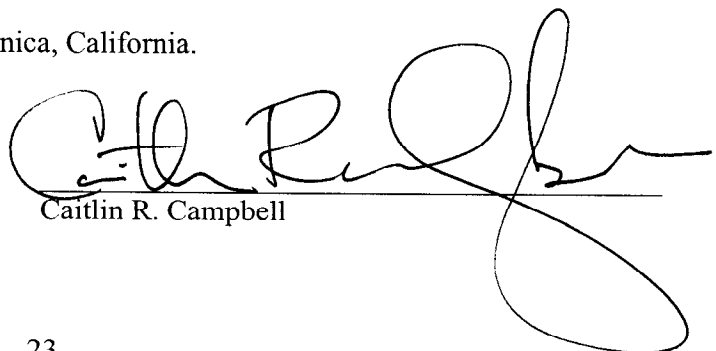
On April 4, 2005, I served the following document(s) described as PETITIONER'S OPPOSITION TO REGISTRANT'S MOTION FOR SUMMARY JUDGMENT AND MOTION TO STRIKE REGISTRANT'S MOTION; MEMORANDUM OF POINTS AND AUTHORITIES on the interested parties in this action by placing true copies thereof enclosed in sealed envelopes addressed as follows:

SEE ATTACHED LIST

- ☐ **BY MAIL:** I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing with the United States Postal Service. Under that practice, it would be deposited with the United States Postal Service that same day in the ordinary course of business. Such envelope(s) were placed for collection and mailing with postage thereon fully prepaid at Santa Monica, California, on that same day following ordinary business practices. (C.C.P. § 1013 (a) and 1013a(3))
- ☐ **BY FACSIMILE:** I caused said document(s) to be transmitted by facsimile pursuant to Rule 2008 of the California Rules of Court. The telephone number of the sending facsimile machine was (310) 315-8210. The name(s) and facsimile machine telephone number(s) of the person(s) served are set forth in the service list. The document was transmitted by facsimile transmission, and the sending facsimile machine properly issued a transmission report confirming that the transmission was complete and without error.
- ☒ **BY OVERNIGHT DELIVERY:** I deposited such document(s) in a box or other facility regularly maintained by the overnight service carrier, or delivered such document(s) to a courier or driver authorized by the overnight service carrier to receive documents, in an envelope or package designated by the overnight service carrier with delivery fees paid or provided for, addressed to the person(s) served hereunder. (C.C.P. § 1013(d)(e))
- ☐ **BY HAND DELIVERY:** I caused such envelope(s) to be delivered by hand to the office of the addressee(s). (C.C.P. § 1011(a)(b))
- ☐ **BY PERSONAL SERVICE:** I personally delivered such envelope(s) to the addressee(s). (C.C.P. § 1011)

I declare that I am employed in the office of a member of the bar of this Court at whose direction the service was made.

Executed on April 4, 2005, at Santa Monica, California.


Caitlin R. Campbell

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